

Brian Bayerle

Chief Life Actuary

202-624-2169

BrianBayerle@accli.com

Colin Masterson

Policy Analyst

202-624-2463

ColinMasterson@accli.com

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Rachel Hemphill

Chair, NAIC Life Actuarial (A) Task Force (LATF)

Re: Regulator Edits to APF 2023-05 (Index Credit Hedging)

Dear Ms. Hemphill:

The American Council of Life Insurers (ACLI) appreciates the opportunity to submit comments to LATF regarding APF 2023-05.

Based on informal feedback from regulators as well as additional input from ACLI members, we are submitting an updated APF and requesting re-exposure once the changes have been reviewed by LATF.

Among these changes, the APF incorporates for consideration a regulator suggestion to change the minimum Index Credit Hedge Margin from 1% to 2%. Our members have concerns about this and request that a re-exposure include both 1% and 2% as alternatives.

ACLI received other regulator suggestions to eliminate the provision that would allow for separation of strategies that combine index credit hedging and other objectives and provide additions to VM-31 documentation. We are amenable to these suggestions and have modified the APF accordingly. The APF also incorporates other regulator-suggested textual edits of a “clean up” nature.

ACLI is also proposing to add language to Section 9.E.7 to confirm that it is appropriate to use experience on similar products for purposes of the Index Credit Hedge Margin as well as the error factor.

Thank you once again for your consideration of our comments and we look forward to continued dialogue with regulators on this APF.

American Council of Life Insurers | 101 Constitution Ave, NW, Suite 700 | Washington, DC 20001-2133

The American Council of Life Insurers (ACLI) is the leading trade association driving public policy and advocacy on behalf of the life insurance industry. 90 million American families rely on the life insurance industry for financial protection and retirement security. ACLI's member companies are dedicated to protecting consumers' financial wellbeing through life insurance, annuities, retirement plans, long-term care insurance, disability income insurance, reinsurance, and dental, vision and other supplemental benefits. ACLI's 280 member companies represent 94 percent of industry assets in the United States.

Sincerely,

 Colin Masterson

cc: Scott O'Neal, NAIC